

CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION
Corporate Affairs Bureau
Laszlo Komjathy, Jr., Bar No. 099861
45 Fremont Street, 24th Floor
San Francisco, CA 94105
Telephone: 415-538-4413
Facsimile: 415-904-5896

Attorneys for The California Department of Insurance

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of

ACCESS INSURANCE
COMPANY dba
ACCESS GENERAL INSURANCE
COMPANY,

a Texas Insurance Company

Respondent.

File No. SF CD 2018-00004

**ORDER TO
CEASE AND DESIST and
NOTICE OF HEARING;
INSURANCE CODE
SECTIONS 1065.1, and 1065.2**

Date: March 28 , 2018

Time: 10:00 am

**Place: Administrative Hearing Bureau,
San Francisco, CA**

TO: ACCESS INSURANCE COMPANY dba ACCESS GENERAL INSURANCE
COMPANY:

NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the
State of California (hereafter "Insurance Commissioner") has reasonable cause to believe that
ACCESS INSURANCE COMPANY (hereafter referred to as "Respondent"), is conducting its
business and affairs in such a manner as to render it insolvent and is operating in a financially
hazardous condition which under the California Insurance Code constitutes a ground to subject
Respondent to conservation or liquidation proceedings, as set forth in California Insurance Code
(hereafter, "CIC") Section 1011 (d), and irreparable loss and injury to the property and business
of the Respondent, that is a person specified in CIC Section 1010, may occur unless the Insurance

1 Commissioner acts immediately, for reasons more particularly set forth and described in
2 paragraph I below, issue and cause to be served upon Respondent certain orders specifically set
3 forth in Paragraphs II, III and IV herein below as are reasonably necessary to correct, eliminate
4 and remedy such conduct and conditions;

5 NOTICE IS FURTHER GIVEN that a public hearing will be held before the
6 Insurance Commissioner or his duly authorized Deputy on March 28, 2018, **commencing 10:00**
7 **a.m.** at the Department of Insurance hearing room located at 45 Fremont Street, 22nd Floor, San
8 Francisco, CA 94105 for the purpose of determining the matters set forth herein.

9 I.

10 The acts, transactions and practices causing such conduct, conditions and grounds to exist
11 necessitating the issuance of this order to cease and desist pursuant to CIC Section 1065.1, and
12 1065.2, are as follows:

- 13 (A) On or about May 7, 1981, Respondent was licensed by the California
14 Insurance Commissioner to transact insurance in the state of California;
- 15 (B) On February 20, 2018, Respondent submitted to its domestic regulator, the
16 Texas Department of Insurance, a monthly reporting package for
17 December 2017 and January 2018;
- 18 (C) As of December 31, 2017, Respondent reported that its policyholder
19 surplus was a negative Twenty-Seven Million, Six Hundred Thirteen
20 Thousand Sixty-Eight Dollars (-\$27,613,068). Attached hereto as Exhibit
21 A is a true and correct copy of Respondent's Statutory Income Statement
22 2017 Preliminary (Unaudited);
- 23 (D) As of January 31, 2018, Respondent reported that its policyholder surplus
24 was a negative Twenty-Nine Million, Eleven Thousand Eight Hundred
25 Three Dollars (-\$29,011,803). Attached hereto as Exhibit B is a true and
26 correct copy of Respondent's Statutory Income Statement 2018
27 Preliminary (Unaudited);
- 28 (E) On February 27, 2018, Respondent's counsel notified the California

1 Department of Insurance that Respondent will not be able to file its
2 statutory annual statement for the year ended December 31, 2017 by March
3 1, 2018. Attached hereto as Exhibit C is a copy of the email sent Tuesday,
4 February 27, 2018 2:52 PM giving notice of Respondent's intention not to
5 file the statutory statement as required pursuant to CIC Section 900. As of
6 March 6, 2018, Respondent still has not filed the required financial
7 statement;

8 (F) Wherefore, the Insurance Commissioner has a reasonable basis to conclude
9 that Respondent is impaired within the meaning of CIC Section 988 and
10 insolvent within the meaning of CIC Section 985 and its continued
11 transaction of insurance in California is hazardous to its policyholders and
12 the general public;

13 (G) Wherefore, Respondent is conducting its business and affairs in a manner
14 that is hazardous to its policyholders, creditors and the public; and

15 (H) Wherefore, the Insurance Commissioner has a reasonable basis to conclude
16 that irreparable loss and injury to Respondent's policyholders, creditors,
17 the general public and to the property and business of Respondent may
18 occur unless the Insurance Commissioner acts immediately.

19 II.

20 Pursuant to subdivision (a) CIC Section 1065.2, Respondent is hereby ordered to
21 immediately CEASE AND DESIST from engaging further in California in any acts, practices or
22 transactions that are causing such conduct, conditions or grounds to exist. The Insurance
23 Commissioner further orders as follows:

24 III.

25 Respondent shall immediately CEASE AND DESIST the transaction, solicitation,
26 negotiation, administration and writing of any new or renewal of insurance business of any kind
27 in the State of California, except as required by applicable law. Any resumption of any such
28 business may occur only upon the prior written consent of the Insurance Commissioner.

IV.

Respondent is further ordered not to remove any assets from the State of California, nor to transfer any assets held in the name of Respondent without the prior written consent of the Insurance Commissioner.

V.

This Order may be amended or supplemented by such additional written orders as the Insurance Commissioner may find reasonably necessary to correct, eliminate and remedy the above conduct, conditions and grounds.

IN WITNESS WHEREOF, I have hereto set my hand and have affixed my official seal this 6th day of March 2018.

DAVE JONES
Insurance Commissioner

By:



KENNETH B. SCHNOLL
Deputy Commissioner

Exhibit A

Access Insurance Company
Statutory Income Statement 2017
Preliminary (Unaudited)

YTD															December 2017
	YTD	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	
Underwriting Income															
Direct Written Premium	311,339,594	26,225,077	33,123,108	36,916,527	26,846,392	28,450,412	30,138,623	27,572,736	31,510,752	30,767,000	30,103,039	26,702,492	24,738,288	354,096,445	
Assumed Written Premium	(255,213,920)	(22,290,552)	(28,154,075)	(31,379,632)	(22,818,398)	(25,032,122)	(25,617,239)	(23,438,532)	(26,783,902)	(26,151,116)	(25,586,920)	(20,596,046)	(19,500,852)	(297,347,387)	
Ceded Written Premium	46,125,674	3,934,525	4,969,033	5,538,895	4,027,993	4,418,290	4,521,383	4,136,205	4,726,849	4,615,884	4,516,119	6,106,447	5,237,436	56,749,059	
Net Written Premium	281,773,209	26,269,609	24,227,355	28,034,785	27,644,849	28,585,490	27,942,141	28,928,045	29,016,928	28,346,035	28,556,839	28,845,580	29,605,562	337,003,218	
Assumed Premium Earned	(234,688,591)	(22,328,102)	(20,592,407)	(23,828,651)	(23,497,255)	(24,296,875)	(23,750,023)	(24,586,107)	(24,663,687)	(24,093,513)	(25,122,686)	(24,377,509)	(24,782,976)	(285,921,790)	
Ceded Premium Earned	47,084,618	3,941,507	3,634,948	4,206,134	4,147,594	4,288,615	4,192,118	4,339,938	4,353,242	4,252,522	4,434,153	4,468,070	4,822,586	51,081,428	
Net Earned Premium	239,442,673	14,070,949	13,027,926	12,572,844	16,834,687	19,738,800	19,580,593	21,651,052	21,461,636	19,770,218	21,152,972	20,977,087	155,784,379	356,623,142	
Direct Losses Incurred	(196,702,481)	(11,956,439)	(11,075,744)	(9,991,128)	(14,238,567)	(16,913,446)	(16,386,821)	(18,044,163)	(17,991,307)	(16,617,250)	(17,756,547)	(17,482,818)	#####	(298,293,521)	
Assumed Losses Incurred	42,740,192	2,114,510	1,952,182	2,581,717	2,596,120	2,825,335	3,193,772	3,068,899	3,470,329	3,152,968	3,396,424	3,494,269	25,945,086	58,329,621	
Ceded Losses Incurred	5,288,549	475,306	438,300	454,982	500,121	517,120	505,449	479,689	625,829	615,993	637,913	642,009	1,074,431	6,967,142	
Net Losses Incurred	7,312,232	1,160,357	1,205,970	1,220,910	1,044,804	942,807	1,366,826	1,159,218	1,045,867	1,028,780	1,006,596	1,378,180	31,918,347	44,478,502	
Loss Expenses Incurred	55,340,973	3,750,173	3,596,452	4,257,609	4,141,045	4,285,082	5,066,047	5,245,796	5,142,024	4,797,742	5,040,974	5,514,458	58,937,865	109,775,265	
Other Underwriting Expenses Incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aggregate write-ins for U/W deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Underwriting deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Income of protected cells	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net underwriting gain (loss)	(8,266,355)	191,334	38,496	(51,474)	6,549	3,533	(873,928)	(905,858)	(788,763)	(545,220)	(606,821)	(1,046,387)	(54,115,279)	(58,669,837)	
Investment Income															
Net Investment Income earned	384,269	(5,507)	(397)	(1,098)	(2,817)	(2,562)	(4,439)	(1,590)	17,942	14,556	22,649	27,109	26,677	89,723	
Net realized capital gains (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Investment gain (loss)	384,269	(5,507)	(397)	(1,098)	(2,817)	(2,562)	(4,439)	(1,590)	17,942	14,556	22,649	27,109	26,677	89,723	
Other Income															
Net gain or (loss) from premium balances	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Finance and service charges not in premiums	(16,801)	-	-	5,671	-	-	7,942	-	-	11,061	-	-	8,038	32,712	
Aggregate write-ins for miscellaneous income	(16,801)	-	-	5,671	-	-	7,942	-	-	11,061	-	-	8,038	32,712	
Total Other Income	(16,801)	-	-	5,671	-	-	7,942	-	-	11,061	-	-	8,038	32,712	
Net income after dividends to policyholders	(7,878,887)	186,026	38,099	(46,901)	3,732	971	(870,426)	(907,448)	(770,840)	(519,603)	(564,172)	(1,019,278)	(54,081,563)	(58,571,402)	
Federal and foreign income taxes incurred	(9,000)	-	1,000	4,000	(1,000)	-	(16,000)	-	-	-	-	-	-	(12,000)	
Net Income	(7,869,887)	186,026	37,099	(50,901)	4,732	971	(854,426)	(907,448)	(770,840)	(519,603)	(564,172)	(1,019,278)	(54,081,563)	(58,559,402)	
Capital and Surplus Account															
Surplus as regards policyholders prior year	31,544,992	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	
Net income after U/W	(7,869,887)	186,026	223,128	172,225	176,957	177,328	(676,498)	(1,583,946)	(2,354,786)	(2,874,389)	(3,458,561)	(4,477,839)	(58,559,402)	(58,559,402)	
Change in unrealized cap gain(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Change in unrealized foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Change in net deferred income tax	2,746,000	(60,000)	(36,000)	(40,000)	(7,000)	(10,000)	244,000	598,000	833,000	981,000	1,207,000	1,527,000	2,961,000	2,961,000	
Change in nonadmitted assets	(3,104,142)	18,795	(13,579)	145,988	(1,344)	10,411	(146,863)	(659,373)	(789,471)	(828,752)	(1,128,672)	(1,259,346)	(5,331,629)	(5,331,629)	
Change in provision for reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Change in surplus notes	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Cumulative effect of changes in acc'd principles	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	0	
Capital Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Surplus adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Net remittances from/to home office	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Dividends to stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Change in treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Aggregate write-ins for gains(losses) surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
Change in surplus as regards policyholders	1,771,971	144,822	173,547	278,213	168,613	178,338	(578,980)	(1,645,319)	(2,311,257)	(2,722,141)	(3,360,434)	(4,210,187)	(60,930,031)	(60,930,031)	
Surplus as regards policyholders	33,316,963	33,461,785	33,490,510	33,595,176	33,485,576	33,495,302	32,737,983	31,671,644	31,005,707	30,594,822	29,936,330	29,106,776	(27,613,068)	(27,613,068)	

Exhibit B

Access Insurance Company
Statutory Income Statement 2018
Preliminary (Unaudited)

	YTD	January	February	March	April	May	June	July	August	September	October	November	December	YTD January TOTAL	Rolling 12 Months January 2017
Underwriting Income															
Direct Written Premium	354,096,445	31,251,380												359,122,748	359,122,748
Assured Written Premium	(297,347,387)	(23,689,938)												(298,746,772)	(298,746,772)
Ceded Written Premium	56,749,059	7,561,442												60,375,976	60,375,976
Net Written Premium	337,003,218	29,618,940												340,352,549	340,352,549
Direct Premium Earned	(285,921,790)	(23,457,996)												(287,051,684)	(287,051,684)
Assumed Premium Earned	51,081,428	6,160,945												53,300,865	53,300,865
Ceded Premium Earned	356,623,142	24,003,416												366,555,609	366,555,609
Net Earned Premium	(298,293,521)	(18,962,709)												(305,290,791)	(305,290,791)
Direct Losses Incurred	58,329,621	5,040,706												61,255,817	61,255,817
Assumed Losses Incurred	6,967,142	742,141												7,233,978	7,233,978
Ceded Losses Incurred	44,478,502	1,700,517												45,018,662	45,018,662
Net Losses Incurred	109,775,265	7,483,364												113,508,456	113,508,456
Loss Expenses Incurred	-	-												0	0
Other Underwriting Expenses Incurred	-	-												0	0
Aggregate write-ins for U/W deductions	-	-												0	0
Total Underwriting deductions	-	-												0	0
Net Income of protected cells	-	-												0	0
Net underwriting gain (loss)	(58,693,937)	(1,322,420)												(60,207,591)	(60,207,591)
Investment Income															
Net Investment Income earned	89,723	11,387												106,418	106,418
Net realized capital gains (loss)	-	-												0	0
Net investment gain (loss)	89,723	11,387												106,418	106,418
Other Income															
Net gain or (loss) from premium balances	-	-												0	0
Finance and service charges, net in premiums	-	-												0	0
Appropriate write-ins for miscellaneous income	-	-												0	0
Total other income	32,712	-												32,712	32,712
Net income after dividends to policyholders	(58,571,402)	(1,311,032)												(60,068,461)	(60,068,461)
Federal and foreign income taxes incurred	(12,000)	-												(12,000)	(12,000)
Net income	(58,559,402)	(1,311,032)												(60,056,461)	(60,056,461)
Capital and Surplus Account															
Surplus as regards policyholders prior year	33,316,963	(27,613,068)												33,461,785	33,461,785
Net income YTD	(58,559,402)	(1,311,032)												(60,056,461)	(60,056,461)
Change in unrealized cap gain(loss)	-	-												0	0
Change in unrealized foreign exchange	-	-												0	0
Change in net deferred income tax	2,961,000	-												3,021,000	3,021,000
Change in nonadmitted assets	(5,331,629)	(87,702)												(5,438,127)	(5,438,127)
Change in provision for reinsurance	-	-												0	0
Change in surplus notes	-	-												0	0
Cumulative effect of changes in acctg principles	-	-												0	0
Capital Changes	-	-												0	0
Surplus adjustments	-	-												0	0
Net remittances from/to home office	-	-												0	0
Dividends to stockholders	-	-												0	0
Change in treasury stock	-	-												0	0
Aggregate write-ins for gains(losses) surplus	-	-												0	0
Change in surplus as regards policyholders	(60,990,031)	(1,398,735)												(62,479,589)	(62,479,589)
Surplus as regards policyholders	(27,613,068)	(29,011,803)												(29,011,803)	(29,011,803)

Exhibit C

From: Robert Barbarowicz (LA)

Sent: Tuesday, February 27, 2018 2:52 PM

To: Wong, Teresa <Teresa.Wong@insurance.ca.gov>; 'Josephine.lau@insurance.ca.gov' <josephine.lau@insurance.ca.gov>

Cc: Emma Hirschhorn (emma.hirschhorn@insurance.ca.gov) <emma.hirschhorn@insurance.ca.gov>; 'Burnie Burner' <bburner@mwlaw.com>; 'm.h.meadows@att.net' <m.h.meadows@att.net>

Subject: Access Insurance Company - NAIC No. 11711 - Delay in Filing of Statutory Annual Statement

Dear Ms. Wong and Ms. Lau,

On behalf of Access Insurance Company, a Texas domiciled insurer, I am writing to advise that the company will not be able to file its statutory annual statement for the year ended December 31, 2017 by March 1, 2018. There are ongoing discussions by others with the Texas Department of Insurance, the California Department of Insurance and two other departments of insurance regarding a possible capital infusion. I am not certain but believe that you may be aware of these discussions directly or through Mr. Doug Slape of the Texas Department of Insurance. Mr. Slape has been advised of the delay in the filing of the statutory annual statement.

Please contact me if you have any questions. I can be reached at 424-365-6015 or on my cell phone at 818-916-3128.

Bob

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**ORDER TO CEASE AND DESIST and NOTICE OF HEARING;
INSURANCE CODE SECTIONS 1065.1 AND 1065.2**

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Ganzon, Pacita

SERVICE LIST
In the Matter of ACCESS INSURANCE COMPANY
Case No. SF CD 2018-00004

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
JOHN SEBASTINELLI 4 Embarcadero Center Suite 3000 San Francisco, CA Sebastinellij@gtlaw.com	Ph. 415 655-1289 Fax 415 358-4796	Personal Service
Agent for Service		
SANFORD MICHELMAN MICHELMAN & ROBINSON, LLP 10880 Wilshire Blvd. 19 th Floor Los Angeles, CA 90024 SMichelman@mrlip.com		email